

Copy 2 of 5



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ELECTRONIC SYSTEMS

966 Commercial Street
 Palo Alto, California
 DAVenport 1-4175

December 30, 1959

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Contracting Officer

Reference: Contract SE-510

Subject: Spare Parts and Test Support Equipment Quotation

Gentlemen:

Enclosed is our Cost Analysis for the revised Spare Parts and Test Support Equipment specified by your office in a recent telephone conversation. Also enclosed, as attachments #1 and #2 respectively, are lists of the specific spare parts and test support equipment to be supplied.

Our fixed price quotation is summarized below:

Spare Parts	\$29,659.69
Test Support Equipment	1,308.70
Pilot Control Box (5 units)	456.44
Total Contract Price	<u>\$31,426.83</u>

34, 342.82

The prices shown above are quoted on a fixed price basis and are F.O.B. any destination in the continental United States. Terms are net 30 days.

As you will recall we were asked by your office several weeks ago to place orders for long delivery items on the Test Support Equipment List. Some of the items have been received, however, at the present time it appears that we will be able to return these items at a minimum restocking charge. No charge for these items have been included in the above costs and unless the restocking charge is excessive, we will not expect to add it to the contract price.

We still of course, have on hand excess material ordered on the original instructions that eight Model 504B's were required. This problem was mentioned in our latter proposal 59-148A of November 6, 1959 which stated, in part, as follows: "As your records should verify we were given verbal authority to proceed on the production of eight units of Model 504 and subsequently, the quantity was reduced to five. At that time, however, our orders for material had been placed for the original quantity of eight. Some of the excess material can be used in the spare parts kits,

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GRANGER ASSOCIATES
Palo Alto, California

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but there will be, of course, a quantity of items that cannot be used. We would suggest that rather than stand the expense of returning the material for the three extra units, that we simply let the matter stand as it presently is and at the completion of the project we then submit a billing to you of any remaining unused material. During the course of the project we can draw on this extra material as spare parts and may be able to buy a part of it for other projects. By making these transfers we can reduce substantially the amount of money involved. Our best estimate at this time would place the value of the residual at project completion at no more than \$3,000 to \$4,000. We would appreciate your comments on this proposal or would like to hear any suggestions you might have toward handling this material".

We trust the above information is sufficient to enable you to write the definitive contract. If additional information is required, please let us know.

Very truly yours,


Vice President and
Treasurer

RJH:jbb

Encs: 2 cc Cost Analysis
2 cc Attachment #1
2 cc Attachment #2

GRANGER ASSOCIATES

PALO ALTO, CALIFORNIA

COST ANALYSIS

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ITEM MODEL 504B		SPARE PARTS		TEST SUPPORT EQUIPMENT		PILOT CONTROL BOX CC-1021 - 5 UNITS	
	RATE/HR	TIME	AMOUNT	TIME	AMOUNT	TIME	AMOUNT
DIRECT LABOR							
Supervisory Engineer I							
Supervisory Engineer II							
Project Engineer							
Senior Engineer							
Engineer							
Junior Engineer							
Production Engineer							
Electronic Technician I	3.10					10	31.00
Electronic Technician II	2.45					45	110.25
Mechanical Technician I							
Mechanical Technician II	2.45					10	31.00
Model Maker							
Draftsman							
Designer							
Mech. Engr. - Designer							
Assemblers	2.15	5	10.75	5	10.75		
Secretary							
TOTAL DIRECT LABOR			10.75		10.75		172.25
BURDEN @ 73 % of Direct Labor			7.85		7.85		125.74
OTHER DIRECT COSTS							
Materials			23,540.20		875.02		66.00
Outside Processing							
Handbooks							
Packaging			50.00		75.00		
Shipping			40.00		75.00		
TOTAL OTHER DIRECT COSTS			23,630.20		1,025.02		66.00
TOTAL DIRECT COSTS & BURDEN			23,648.89		1,043.62		363.99
G & A EXPENSE @ 14 %			3,310.84		146.11		50.96
TOTAL ESTIMATED COSTS			26,959.72		1,189.73		414.95
PROFIT or FEE @ 10 % of Total Costs			2,695.97		118.97		41.49
TOTAL CONTRACT PRICE			29,655.69		1,308.70		456.44
Date: 12/30/59	Prepared by: RJH	Prices F.O.B. Destination		TO:			
GA Proposal No. Ltr. 12/30/59	Proposed contract form: Fixed Price						
Firm for _____ days							
	Delivery:						
	President						